

FEDERAL GRAIN, LIMITED

Ninth Annual Report of the Directors

YEAR ENDED 31st July, 1938

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements of the Company for the year ended 31st July 1938, including the Balance Sheet, certified by your Auditors, Messrs. George A. Touche & Co.

Statement of Income and Expenditure shows an operating profit of \$173,868.06 including income from investments. After meeting Bond Interest and premiums thereon of \$199,306.32 and Executive Salaries, Legal Fees and other charges amounting to \$45,857.12, the statement shows a loss of \$71,295.38. This sum has been charged against Distributable Surplus thereby reducing the credit balance of this account to \$320,141.86.

No provision has been made for Depreciation, but a substantial amount has been expended for repairs, modernizing obsolete elevators and installing more modern equipment to meet changing grain handling methods brought about by the increasing use of motor trucks for hauling grain.

The Company completed a satisfactory arrangement at the close of its fiscal year for the sale of one of its three terminal elevators at Fort William. Payment will be made in equal annual instalments including principal and interest, and will be spread over a number of years. The item of \$340,000.00 shown on the Balance Sheet as Mortgage Receivable represents the balance due on this transaction. The Company continues to operate two Lakehead terminal elevators with a capacity of 5,250,000 bushels.

At the close of the Company's fiscal year, cash at banks, on deposit, in transit and with paying agents' amounted to \$1,437,882.00. Current assets, exclusive of investments and memberships, exceed current liabilities by the amount of \$1,256,238.96.

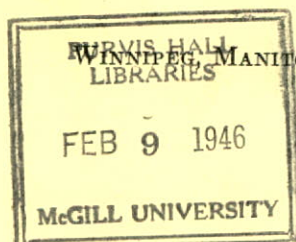
In accordance with sinking fund provisions, First Mortgage Bonds of the par value of \$141,000.00 were retired at a cost of \$136,272.73 to the Company.

In their last Annual Report your Directors referred to the crop failure over wide areas. As a result of the poor crop the volume of grain handled through your elevators was the smallest on record. The crop now being harvested is the largest for several years and will improve elevator handlings. With the exception of coarse grains, the functions of the Company this season will probably be limited to the physical handling of wheat for the account of the Canadian Wheat Board.

Your Directors desire to express appreciation of the loyal and efficient services rendered by all Country Elevator Agents, Employees, Managers and Officers of the Company.

On behalf of the Board of Directors,

H. E. SELLERS,
President.



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BALANCE SHEET

ASSETS

CURRENT ASSETS:

CASH at Banks, less Outstanding Cheques.....	\$1,250,765.40
CASH on deposit with Canada Permanent Mortgage Corporation.....	150,000.00
CASH in transit and with Paying Agents, etc.....	37,116.60

ACCOUNTS RECEIVABLE:

Department of Agriculture, Regina.....	\$18,406.56
General Accounts.....	31,053.21
Agents' Cottage Loans.....	1,909.62
Employees' Accounts.....	1,213.41
	52,582.80
ADVANCES SECURED BY GRAIN.....	21,559.44

STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:

Grain, valued on the basis of market quotations at 31st July, 1938	\$127,568.93
Coal, at the lower of cost or market value	10,096.82
	137,665.75
ACCRUED EARNINGS.....	18,533.38
PREPAID EXPENSES.....	35,450.77

	\$1,703,674.14
MORTGAGE RECEIVABLE, arising out of sale of terminal elevator.....	340,000.00

INVESTMENTS:

In Shares of Grain Trade Organizations at book values.....	\$34,910.20
In Marketable Securities (Market Value \$18,650.00).....	25,591.55
	60,501.75

BONDS OF THE COMPANY purchased in anticipation of Sinking Fund

Par \$10,000.00—cost.....	8,376.25
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MEMBERSHIPS, at cost.....	86,001.00
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PROPERTIES:

Terminal and Country Elevators, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost.....	\$8,230,962.16
Less Reserve for Depreciation.....	2,051,425.18
	6,179,536.98

DEFERRED CHARGES:

Organization Expenses, less proportion written off.....	15,000.00
	\$8,393,090.12

AUDITOR

To the Shareholders:

Federal Grain, Limited,
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, with the books and vouchers.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct statement of the assets and liabilities of the Company, and the explanations given to us, and as shown by the books of the Company.

No provision was made for depreciation of Properties and Equipment for the year ended 31st July, 1938.

Winnipeg, 9th September, 1938.

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STATEMENT I

AT 31st JULY, 1938

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Stored Grain Outstanding.....	\$170,537.37
Sundry Creditors.....	249,078.77
Accrued Taxes.....	27,819.04
	\$447,435.18

FIRST MORTGAGE SINKING FUND GOLD BONDS:

Authorized.....	\$6,000,000.00	
Issued, Series A 6%, maturing 1st August, 1949.....	\$4,250,000.00	
Less Redeemed through Sinking Fund.....	996,000.00	
		3,254,000.00
BOND REDEMPTION RESERVE.....		121,513.08

CAPITAL:

Authorized—		
40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company.....		
160,000 Class A Common Shares of No Par Value.....		
40,000 Class B Common Shares of No Par Value.....		
Issued and fully paid—		
30,000 Preference Shares.....	\$3,000,000.00	
200,000 Common Shares		
Amount apportioned as Capital.....	1,250,000.00	
		4,250,000.00

DISTRIBUTABLE SURPLUS:

Balance at 31st July, 1937.....	\$391,437.24	
Deduct Loss for the year ended 31st July, 1938, per Statement II..	71,295.38	
		320,141.86

Cumulative Preference Dividends not paid since 1st February, 1931

Approved on behalf of the Board,

H. E. SELLERS, *Director*
T. H. RATHJEN, *Director*

\$8,393,090.12

REPORT

ers relating thereto, and we report that we have obtained all the information and explanations we have required.
and correct view of the state of the Company's affairs at 31st July, 1938, according to the best of our information

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GEORGE A. TOUCHE & CO.,
*Chartered Accountants,
Auditors.*

Federal Grain, Limited

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended, 31st July, 1938

Income from the Company's operations before taking into account the items shown below.....	\$150,429.62
Income from Investments.....	23,438.44
	<u>\$173,868.06</u>
Less: Bond Interest.....	\$195,240.00
Bond Interest Premiums.....	4,066.32
Executive Salaries.....	42,748.32
Directors' Fees.....	1,500.00
Legal Fees.....	254.25
	<u>243,808.89</u>
Operating Loss.....	\$69,940.83
Add: Loss on wrecking and rebuilding elevators, losses on sales of fixed assets, etc., less provision for moving elevators made at 31st July, 1937....	1,354.55
	<u>\$71,295.38</u>
Loss for the year.....	
Note: No provision was made for Depreciation of Properties and Equipment.	

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

A. H. WILLIAMSON

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

V. W. TRYON

J. R. MURRAY

Secretary E. W. NEVILLE

Treasurer: T. H. RATHJEN

Asst. Treasurer: R. C. GAGE

Registrar:.....THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents:.....{ THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS Co., Winnipeg.

Auditors:.....GEORGE A. TOUCHE & Co.

Solicitors:.....HUDSON, ORMOND, SPICE, SWIFT & McLEOD.

Notice of the Annual Meeting of Federal Grain, Limited

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FEDERAL GRAIN LIMITED, will be held at the offices of the Company, 810 Grain Exchange Building, in the City of Winnipeg, in the Province of Manitoba, on the 28th day of October, A.D. 1938, at the hour of 3.00 p.m., to receive the Annual Report of the Board of Directors, the Report of the Auditors, to elect Directors and to appoint Auditors for the ensuing year, and to transact general business relating to the affairs of the Company.

DATED at Winnipeg, this 20th day of September, A.D. 1938.

BY ORDER OF THE BOARD,

E. W. NEVILLE,

Secretary.

To the Holders of the Six and One-Half Per Cent Cumulative Redeemable Preference Shares and of the Class "B" Shares of the Company:

In view of the fact that the Company has failed to pay over six consecutive quarterly dividend instalments upon the preference shares, the holders of the preference shares have the right to vote (along with Holders of Class "B" Shares) at any annual or special general meeting of the Company in respect of all matters that may lawfully be brought before said meetings.

If you are unable to be present, you are requested to please sign the enclosed proxy and mail to Secretary, Federal Grain, Limited, 809 Grain Exchange Building, Winnipeg, Manitoba.

Federal Grain, Limited PROXY

I, of
being a Shareholder of FEDERAL GRAIN, LIMITED, hereby appoint MR. H. E. SELLERS,
of Winnipeg, Manitoba (or failing him, MR. A. THOMSON, of Winnipeg, Manitoba, or failing
him of),
a Shareholder of the said Company, as my proxy to vote for me and on my behalf at the
Annual General Meeting of the Company to be held at Winnipeg, on the 28th day of October,
A.D. 1938, and at any adjournment thereof.

AS WITNESS my hand this day of
A.D. 1938.

In the presence of

Signed by the said

.....
Witness sign here

.....
Shareholder sign here

Notice of the Annual Meeting

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Federal Credit Union

The annual meeting of the Federal Credit Union will be held on the 15th day of May, 1934, at 8:00 P.M. in the main hall of the Federal Building, New York City. The purpose of the meeting is to elect directors and officers for the coming year and to transact such other business as may come before the members.

Respectfully,
J. P. Dwyer, Secretary

The Federal Credit Union is a non-profit organization organized for the purpose of providing financial services to its members. It is a member of the Federal Reserve System and is subject to the supervision of the Federal Reserve Board. The Federal Credit Union is a member of the National Credit Union Administration and is subject to the supervision of the National Credit Union Administration.

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